

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

MICHAEL CARTER, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW, and CARA D.  
OBERT,

Defendants.

Case No.: 3:15-cv-4030

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff Michael Carter (“Plaintiff”), by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by United Development Funding IV (“UDF IV” or the “Company”), with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by UDF IV; and (c) review of other publicly available information concerning UDF IV.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of purchasers of UDF IV securities between June 4, 2014 and December 10, 2015, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. UDF IV is a real estate investment trust (“REIT”) under the larger United Development Funding (“UDF”) umbrella. The Company primarily originates, purchases, participates in, and holds for investment secured loans made directly by the Company or indirectly through its affiliates to persons and entities for the acquisition and development of parcels of real property as single-family residential lots or mixed-use master planned residential communities, for the construction of single-family homes and for completed model homes.

3. On December 10, 2015, an anonymous author under the pseudonym “Investor for Truth” published a report on UDF IV on the Harvest Exchange, an investment website. The report alleges that the Company was engaging in “Ponzi-like real estate scheme.” Specifically, the report alleges that UDF IV is part of a larger family of REITs under the United Development Funding umbrella whereby:

(1) new capital, both equity and debt, is used to fund distributions to existing investors; (2) subsequent UDF companies provide significant liquidity to earlier vintage UDF companies, allowing them to pay earlier investors; and (3) if the funding mechanism funneling retail capital to the latest UDF company is halted, the earlier UDF companies do not appear to be capable of standing alone and the entire structure will likely unravel, with investors left holding the bag.

4. The report also alleges that “UDF IV has since provided liquidity to UDF I, UMT and UDF III, among other affiliates, further exacerbating the problem and perpetuating the scheme” and that “Visits to actual development sites, which serve as collateral to UDF development loans, show that, in numerous instances, there is no development and the collateral is still non-income producing, raw land 2, 3, 5 (as much as 10) years after loans were issued.” Finally, the report notes that UDF IV’s independent registered public accounting firm, Whitley Penn LLP, declined on November 19, 2015, to stand for reappointment as the auditor for the Company.

5. On this news, shares of UDF IV fell \$6.05 per share, or more than 35%, to close at \$11.15 on December 10, 2015, on unusually heavy trading volume.

6. Subsequently, on December 10, after the close of trading, the Company issued a press release disclosing that it has been cooperating since April 2014 with a nonpublic fact-finding investigation being conducted by the Staff of the SEC.

7. On this news, shares of UDF IV fell \$2.60 per share, or more than 23%, to close at \$8.55 on December 11, 2015, on unusually heavy trading volume.

8. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (1) that subsequent UDF companies provide significant liquidity to earlier vintage UDF companies, allowing them to pay earlier investors; (2) that if the funding

mechanism funneling retail capital to the latest UDF company were halted, the earlier UDF companies would not be capable of standing alone, and the entire structure would likely crumble with investors left holding the bag; (3) that UDF IV provided liquidity to UDF I, UMT and UDF III, among other affiliates, further exacerbating the problem and perpetuating the scheme; (4) that, as such, Defendants were operating a Ponzi-like real estate investing scheme; (5) that the Company was being investigated by the SEC; and (6) that, as a result of the foregoing, Defendants' statements about UDF IV's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

#### **JURISDICTION AND VENUE**

10. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

12. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located within this Judicial District.

13. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

14. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased UDF IV common shares of beneficial interest during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

15. Defendant UDF IV is a Maryland corporation with its principal executive offices located at 1301 Municipal Way, Suite 100, Grapevine, Texas 76051.

16. Defendant Hollis M. Greenlaw (“Greenlaw”) was, at all relevant times, Chief Executive Officer (“CEO”) of UDF IV.

17. Defendant Cara D. Obert (“Obert”) was, at all relevant times, Chief Financial Officer (“CFO”) of UDF IV.

18. Defendants Greenlaw and Obert are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of UDF IV’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to

them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

19. UDF IV is a REIT under the larger UDF umbrella. The Company primarily originates, purchases, participates in, and holds for investment secured loans made directly by the Company or indirectly through its affiliates to persons and entities for the acquisition and development of parcels of real property as single-family residential lots or mixed-use master planned residential communities, for the construction of single-family homes and for completed model homes.

### **Materially False and Misleading Statements Issued During the Class Period**

20. The Class Period begins on June 4, 2014. On that day, UDF IV issued a press release entitled, “United Development Funding IV Shares to List on NASDAQ.” Therein, the Company, in relevant part, stated:

**Grapevine, Texas, June 4, 2014** – United Development Funding IV (“UDF IV” or the “Trust”) (NASDAQ: UDF) announced today that it will complete the listing process for its common shares of beneficial interest (the “Common Shares”) on the NASDAQ Global Select Market (“NASDAQ”). Trading of the Common Shares will officially commence this morning under the ticker symbol “UDF.”

The Trust specializes in single family residential finance, providing capital solutions to seasoned homebuilders and developers in affordable housing markets. Hollis M. Greenlaw, Chief Executive Officer and Chairman of the UDF IV Board of Trustees, commented “The housing market continues to strengthen, and capital for residential development continues to be a challenge. We are still

in the early stages of a housing recovery, and UDF IV will continue to be an important capital solution for regional homebuilders and developers.”

The Trust concluded its initial primary offering in May 2013, after raising approximately \$614.7 million in equity. Stacey Dwyer, Chief Operating Officer of UDF IV added “Our listing on the NASDAQ provides UDF IV broader access to public capital markets and allows our investors to participate in the anticipated growth.”

Since inception UDF IV has originated or purchased 149 loans and developed a strong balance sheet as a platform for future growth.

21. On August 12, 2014, UDF IV issued a press release entitled, “United Development Funding IV Reports Second Quarter 2014 Financial Results.” Therein, the Company, in relevant part, stated:

*Second Quarter 2014 and Recent Highlights - as compared to the prior year quarter: - UDF IV shares began trading on NASDAQ Global Select Market (NASDAQ) on June 4, 2014 under the ticker UDF - Completed tender offer of \$35 million for approximately 1.7 million shares at \$20.50 per share in July, 2014 - Net interest income after provision for loan losses increased 59% to \$16.8 million - Net income increased 86% to \$11.4 million - Earnings per share increased 52% to \$0.35 - Investments in loan participation interest and notes receivable increased 51% to \$560.6 million - Balances drawn on lines of credit increased to \$73.2 million from \$12.3 million*

Company Release - 08/12/2014 07:00

GRAPEVINE, Texas, Aug. 12, 2014 /PRNewswire/ -- United Development Funding IV ("UDF IV" or the "Trust") (NASDAQ: UDF) today reported net interest income after provision for loan losses for the second quarter ended June 30, 2014, of \$16.8 million, an increase of 59% as compared to \$10.6 million in the prior year quarter. Net income for the second quarter was \$11.4 million, or \$0.35 per share, an increase of 86% as compared to \$6.1 million, or \$0.23 per share, for the prior year quarter.

Net interest income after provision for loan losses for the six months ended June 30, 2014, was \$32.9 million, an increase of 64% as compared to \$20.0 million in the same period of fiscal 2013. Net income for the first six months of fiscal 2014 was \$23.2 million, or \$0.72 per share, an increase of 79% as compared to \$13.0 million, or \$0.57 per share, for the year ago period.

The current quarter and the six month period ended June 30, 2014, included approximately \$5.0 million of costs associated with listing the Trust's shares on

the NASDAQ and the related tender offer. The current quarter and the six month period ended June 30, 2014, also included a \$3.2 million reduction in general and administrative expense – related parties from the reversal of an accrued liability for acquisition and origination fees that will no longer be paid to the Trust's advisor.

The portfolio of loan participation interests and notes receivable, net of the provision for loan losses and unamortized commitment fees, increased 51% to \$560.6 million (126 loans) at June 30, 2014, from \$371.9 million (89 loans) a year ago. Leverage on the balance sheet increased, moving from a net cash position (cash less lines of credit) of \$143.6 million at June 30, 2013, to a net debt position (lines of credit less cash) of \$54.8 million at June 30, 2014. Net debt to total capitalization ratio (calculated as debt less cash divided by debt less cash plus equity) at June 30, 2014, was 9.3%, well below the Trust's target range of 30% to 35%.

Subsequent to quarter end and in conjunction with listing its shares on NASDAQ, the Trust completed a tender offer of \$35 million for approximately 1.7 million shares at \$20.50 per share. The Trust financed the tender by entering into a \$35 million term loan with a maturity date of July 2, 2015, which it may extend to December 31, 2015.

On July 2, 2014, the Trust announced that it would pay a monthly distribution of \$0.1367 per share on August 25, 2014 and September 25, 2014, to shareholders of record at the close of business on August 15, 2014 and September 15, 2014, respectively.

The Trust expects to earn between \$1.75 and \$1.80 per share for the twelve-month period beginning July 1, 2014, and ending June 30, 2015. In addition, the Trust expects to add between \$30 million and \$50 million of additional leverage against its investment portfolio by the end of 2014, in addition to the \$35 million loan to finance its tender offer.

The Trust will host a conference call today (Tuesday, August 12, 2014) at 11:00 a.m. Eastern time. The dial-in number is 1-888-317-6016, and the call will also be webcast from the Trust's website at [www.udfiv.com](http://www.udfiv.com).

Hollis M. Greenlaw, CEO and Chairman, said, "Our results this quarter demonstrate the strength, depth and scalability of our UDF platform, our ability to invest capital effectively in the area of single-family residential finance, and our ability to grow our earnings and our distributions. We are uniquely positioned to provide capital solutions to developers and homebuilders. We see significant opportunities for increasing our lending and investment portfolio during this gradual and protracted residential housing recovery. We continue to grow our Texas investments while evaluating opportunities in other markets and states. We recently entered the Tampa, Florida and South Carolina markets, and we expect to

continue to close transactions in Texas, Florida, South Carolina and North Carolina in the second half of 2014."

22. On August 13, 2014, UDF IV filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended June 30, 2014. The Company's Form 10-Q was signed by Defendants Greenlaw and Obert, and reaffirmed the Company's financial results previously announced on August 12, 2014

23. On November 13, 2014, UDF IV issued a press release entitled, "United Development Funding IV Reports Third Quarter 2014 Financial Results." Therein, the Company, in relevant part, stated:

*Third Quarter 2014 Highlights - as compared to the prior year quarter: - Net interest income after provision for loan losses increased 29% to \$16.5 million - Net income increased 74% to \$13.4 million - Earnings per share increased 83% to \$0.44 - Net investments in loan participation interest and notes receivable increased 32% to \$593.4 million - Completed tender offer of \$35 million for approximately 1.7 million shares at \$20.50 per share in July, 2014*

Company Release - 11/13/2014 07:00

GRAPEVINE, Texas, Nov. 13, 2014 /PRNewswire/ -- United Development Funding IV ("UDF IV" or the "Trust") (NASDAQ: UDF) today reported net interest income after provision for loan losses for the third quarter ended September 30, 2014, of \$16.5 million, an increase of 29% as compared to \$12.9 million in the prior year quarter. Net income for the third quarter was \$13.4 million, or \$0.44 per share, an increase of 74% as compared to \$7.7 million, or \$0.24 per share, for the prior year quarter.

Net interest income after provision for loan losses for the nine months ended September 30, 2014, was \$49.4 million, an increase of 50% as compared to \$32.8 million in the same period of fiscal 2013. Net income for the first nine months of fiscal 2014 was \$36.6 million, or \$1.16 per share, an increase of 77% as compared to \$20.7 million, or \$0.80 per share, in the same period of fiscal 2013.

The quarter and nine months ended September 30, 2014, included approximately \$77,000 and \$5.1 million, respectively, of costs associated with listing the Trust's shares on the NASDAQ and the related tender offer. The nine months ended September 30, 2014, also included a \$3.2 million reduction in general and administrative expense – related parties from the reversal of an accrued liability for acquisition and origination fees that will no longer be paid to the Trust's advisor.

The portfolio of loan participation interests and notes receivable, net of the provision for loan losses and unamortized commitment fees, increased 32% to \$593.4 million (131 loans) at September 30, 2014, from \$448.5 million (100 loans) a year ago. The net debt to total capitalization ratio (calculated as debt less cash divided by debt less cash plus equity) at September 30, 2014, was 20.6%. The Trust's target range for this ratio is 30% to 35%.

During the quarter and in conjunction with listing its shares on NASDAQ, the Trust completed a tender offer of \$35 million for approximately 1.7 million shares of its common shares of beneficial interest at \$20.50 per share. The Trust financed the tender by entering into a \$35 million term loan with a maturity date of July 2, 2015, which it may extend to December 31, 2015.

On October 2, 2014, the Trust announced that it would pay monthly distributions of \$0.1367 per share on October 27, November 25 and December 26, 2014, to shareholders of record at the close of business on October 17, November 14 and December 16, 2014, respectively. The October distribution was subsequently paid as announced.

The Trust expects to earn between \$1.80 and \$1.90 per share for fiscal 2015, and expects to declare distributions of approximately \$1.75 per share in fiscal 2015. The Trust will host a conference call today (Thursday, November 13, 2014) at 11:00 a.m. Eastern time. The dial-in number is 1-866-312-7299, and the call will also be webcast from the Trust's website at [www.udfiv.com](http://www.udfiv.com). A replay of the call will be available after 2:00 p.m. ET on November 13, 2014 at 1-877-344-7529, access code 10054541. The replay will also be available from the Trust's website at [www.udfiv.com](http://www.udfiv.com) through midnight ET on November 28, 2014.

Hollis M. Greenlaw, CEO and Chairman, said, "We are excited to report the highest quarterly net income and earnings per share in the history of our trust. Our results this quarter demonstrate the strength, depth and scalability of our UDF platform and our ability to invest capital effectively in the area of single-family residential finance. Our guidance for 2015 reflects our ability to continue to grow our earnings and distributions. We see significant opportunities to increase our lending and investment portfolio during this gradual residential housing recovery. While the majority of our portfolio is in Texas, we have now expanded to South Carolina and the Tampa and Orlando markets in Florida, and we expect to enter North Carolina by the end of 2014."

24. On November 14, 2014, UDF IV filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended September 30, 2014. The Company's Form 10-Q was signed by Defendants Greenlaw and Obert, and reaffirmed the Company's financial results previously

announced on November 13, 2014.

25. On March 3, 2015, UDF IV issued a press release entitled, "United Development Funding IV Reports Fourth Quarter and Fiscal Year 2014 Financial Results." Therein, the Company, in relevant part, stated:

**Fourth Quarter 2014 Highlights – as compared to the fourth quarter 2013:**

- **Net interest income after provision for loan losses increased 15% to \$17.1 million**
- **Net income increased 56% to \$13.6 million**
- **Earnings per share increased 63% to \$0.44**
- **Net investments in loan participation interests and notes receivable increased 20% to \$609.6 million**

**Fiscal Year 2014 Highlights – as compared to the prior year:**

- **Net interest income after provision for loan losses increased 40% to \$66.5 million**
- **Net income increased 71% to \$50.1 million**
- **Earnings per share increased 48% to \$1.60**
- **UDF IV shares began trading on The NASDAQ Global Select Market (NASDAQ) on June 4, 2014 under the ticker UDF**
- **UDF IV completed a tender offer of \$35 million for approximately 1.7 million shares at \$20.50 per share in July 2014**

GRAPEVINE, Texas, March 3, 2015 (GLOBE NEWSWIRE) -- United Development Funding IV ("UDF IV" or the "Trust") (Nasdaq:UDF) today reported net interest income after provision for loan losses for the fourth quarter ended December 31, 2014, of \$17.1 million, an increase of 15% as compared to \$14.8 million in the fourth quarter ended December 31, 2013. Net income for the fourth quarter was \$13.6 million, or \$0.44 per share, an increase of 56% as compared to \$8.7 million, or \$0.27 per share, for the fourth quarter ended December 31, 2013.

Net interest income after provision for loan losses for the fiscal year ended December 31, 2014, was \$66.5 million, an increase of 40% as compared to \$47.7 million in fiscal year 2013. Net income for fiscal year 2014 was \$50.1 million, or \$1.60 per share, an increase of 71% as compared to \$29.3 million, or \$1.08 per share, in fiscal year 2013.

The quarter and fiscal year ended December 31, 2014, included approximately \$4,000 and \$5.1 million, respectively, of costs associated with listing the Trust's shares on NASDAQ and the related tender offer. Fiscal year 2014 also included a

\$3.2 million reduction in general and administrative expense – related parties from the reversal of an accrued liability for acquisition and origination fees that will no longer be paid to the Trust's advisor.

The portfolio of loan participation interests and notes receivable, net of the provision for loan losses and unamortized commitment fees, increased 20% to \$609.6 million (131 loans) at December 31, 2014, from \$508.5 million (114 loans) a year ago. The net debt to total capitalization ratio (calculated as debt less cash, divided by debt less cash plus equity) at December 31, 2014, was 21.7%. The Trust's target range for this ratio is 30% to 35%.

During the third quarter of fiscal year 2014 and in conjunction with listing its shares on NASDAQ, the Trust completed a tender offer of \$35 million for approximately 1.7 million of its common shares of beneficial interest at \$20.50 per share.

On November 17, 2014, the Trust announced it would pay a special distribution of \$0.04 per share on February 4, 2015 to shareholders of record at the close of business on November 28, 2014. On January 5, 2015, the Trust announced that it would pay monthly distributions of \$0.1367 per share on January 26, February 25 and March 25, 2015, to shareholders of record at the close of business on January 15, February 13 and March 13, 2015, respectively. The special distribution and the January and February monthly distributions were subsequently paid as announced.

The Trust expects to earn between \$1.80 and \$1.90 per share for fiscal 2015, and expects to declare distributions of approximately \$1.75 per share in fiscal 2015. The Trust will host a conference call today (Tuesday, March 3, 2015) at 11:00 a.m. Eastern time. The dial-in number is 1-866-312-7299, and the call will also be webcast from the Trust's website at [www.udfiv.com](http://www.udfiv.com). A replay of the call will be available after 2:00 p.m. ET on March 3, 2015 at 1-877-344-7529, access code 10059879. The replay will also be available from the Trust's website at [www.udfiv.com](http://www.udfiv.com) through midnight ET on March 11, 2015.

Hollis M. Greenlaw, CEO and Chairman, said, "Fiscal year 2014 was an exciting year in which we demonstrated our ability to grow our earnings and our distributions. We achieved our leverage guidance, resulting in significant year-over-year growth in our lending portfolio and our profitability. Our guidance for 2015 reflects our ability to continue to grow our earnings and distributions.

"We see significant opportunities to increase our lending and investment portfolio during this gradual residential housing recovery. The majority of our lending portfolio is in Texas, with 67% in the Dallas/Fort Worth market. During 2014, we expanded our lending presence to Florida, North Carolina and South Carolina, and we expect to increase our presence in those markets in 2015."

26. On March 16, 2015, UDF IV filed its Annual Report with the SEC on Form 10-K

for the fiscal year ended December 31, 2014. The Company's Form 10-K was signed by Defendant Greenlaw, and reaffirmed the Company's financial results previously announced on March 3, 2015.

27. On May 6, 2015, UDF IV issued a press release entitled, "United Development Funding IV Reports First Quarter 2015 Financial Results." Therein, the Company, in relevant part, stated:

**First Quarter 2015 Highlights – as compared to the first quarter of 2014:**

- **Net interest income after provision for loan losses increased 9% to \$17.6 million**
- **Net income increased 21% to \$14.3 million**
- **Earnings per share increased 27% to \$0.47**
- **Net investments in loan participation interests and notes receivable increased 15% to \$619.4 million**

GRAPEVINE, Texas, May 6, 2015 (GLOBE NEWSWIRE) -- United Development Funding IV ("UDF IV" or the "Trust") (Nasdaq:UDF) today reported net interest income after provision for loan losses for the quarter ended March 31, 2015, of \$17.6 million, an increase of 9% as compared to \$16.1 million in the quarter ended March 31, 2014. Net income for the first quarter of 2015 was \$14.3 million, or \$0.47 per share, an increase of 21% as compared to \$11.8 million, or \$0.37 per share, for the first quarter of 2014.

The portfolio of loan participation interests and notes receivable, net of the provision for loan losses and unamortized commitment fees, increased 15% to \$619.4 million (132 loans) at March 31, 2015, from \$537.5 million (120 loans) one year ago. The net debt to total capitalization ratio (calculated as debt less cash, divided by debt less cash plus equity) at March 31, 2015, was 24.1%. The Trust's target range for this ratio is 30% to 35%.

On February 4, 2015, the Trust paid a previously announced special distribution of \$0.04 per share to shareholders of record at the close of business on November 28, 2014. On April 4, 2015, the Trust announced that it would pay monthly distributions of \$0.1367 per share on April 27, May 26 and June 25, 2015 to shareholders of record at the close of business on April 15, May 15 and June 15, 2015, respectively. The April monthly distribution was subsequently paid as announced.

The Trust expects to earn between \$1.80 and \$1.90 per share and to declare distributions of approximately \$1.75 per share in fiscal 2015.

The Trust will host a conference call today (Wednesday, May 6, 2015) at 11:00 a.m. Eastern Time (ET). The dial-in number is 1-866-312-7299, and the call will also be webcast from the Trust's website at [www.udfiv.com](http://www.udfiv.com). A replay of the call will be available after 2:00 p.m. ET on May 6, 2015 at 1-877-344-7529, access code 10063983. The replay will also be available from the Trust's website at [www.udfiv.com](http://www.udfiv.com) through midnight ET on May 20, 2015.

Hollis M. Greenlaw, CEO and Chairman, said, "UDF IV delivered another strong quarter for our shareholders as we continued to provide capital solutions to developers and homebuilders in the gradual recovery of the housing market. The major Texas markets of Austin, Dallas/Fort Worth, Houston and San Antonio comprised 98% of our portfolio at March 31, 2015, led by the Dallas/Fort Worth market with 67% of our portfolio. These markets continue to experience constricted supplies of finished vacant new homes, existing homes listed for sale and finished lots for new housing starts. We believe that the current low inventory levels create significant opportunities for us to produce consistent earnings and sustainable monthly distributions as we grow our portfolio, generating strong returns for our shareholders."

28. On May 11, 2015, UDF IV filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended March 31, 2015. The Company's Form 10-Q was signed by Defendants Greenlaw and Obert, and reaffirmed the Company's financial results previously announced on May 6, 2015.

29. On August 5, 2015, UDF IV issued a press release entitled, "United Development Funding IV Reports Second Quarter 2015 Financial Results." Therein, the Company, in relevant part, stated:

**2015 Second Quarter Highlights and Comparisons to 2014 Second Quarter:**

- **Net interest income after provision for loan losses increased 6% to \$17.8 million**
- **Net income increased 26% to \$14.3 million**
- **Earnings per share increased 34% to \$0.47**
- **Net investments in loan participation interests and notes receivable increased 10% to \$618.6 million**
- **On June 26, 2015, United Development Funding IV joined the broad-market Russell 3000<sup>®</sup> Index, the Russell Global and Russell Microcap<sup>®</sup> indexes at the conclusion of the Russell indexes' annual reconstitution**

GRAPEVINE, Texas, Aug. 5, 2015 (GLOBE NEWSWIRE) -- United Development Funding IV ("UDF IV" or the "Trust") (NASDAQ:UDF) today reported net interest income after provision for loan losses for the quarter ended June 30, 2015, of \$17.8 million, an increase of 6% as compared to \$16.8 million in the quarter ended June 30, 2014. Net income for the second quarter of 2015 was \$14.3 million, or \$0.47 per share, an increase of 26% as compared to \$11.4 million, or \$0.35 per share, for the second quarter of 2014.

Net interest income after provision for loan losses for the six months ended June 30, 2015, was \$35.4 million, an increase of 3% as compared to \$32.9 million in the same period of fiscal 2014. Net income for the six months ended June 30, 2015, was \$28.6 million, or \$0.93 per share, an increase of 23% as compared to \$23.2 million, or \$0.72 per share, for the same period of fiscal 2014.

The three and six months ended June 30, 2014, included approximately \$5.0 million of costs associated with listing the Trust's shares on NASDAQ and the related tender offer. The three and six months ended June 30, 2014, also included a \$3.2 million reduction in general and administrative expense – related parties from the reversal of an accrued liability for acquisition and origination fees that will no longer be paid to the Trust's advisor.

The portfolio of loan participation interests and notes receivable, net of the provision for loan losses and unamortized commitment fees, increased 10% to \$618.6 million (129 loans) at June 30, 2015, from \$560.6 million (126 loans) one year ago. The net debt to total capitalization ratio (calculated as debt less cash, divided by debt less cash plus equity) at June 30, 2015, was 23.7%. The Trust's target range for this ratio is 30% to 35%.

On July 2, 2015, the Trust announced that it would pay monthly distributions of \$0.1367 per share on July 27, August 25 and September 25, 2015, to shareholders of record at the close of business on July 15, August 14 and September 15, 2015, respectively. The July monthly distribution was subsequently paid as announced. The Trust expects to earn between \$1.85 and \$1.90 per share and to declare distributions of approximately \$1.75 per share in fiscal 2015.

The Trust will host a conference call today (Wednesday, August 5, 2015) at 11:00 a.m. Eastern Time (ET). The dial-in number is 1-866-312-7299, and the call will also be webcast from the Trust's website at [www.udfiv.com](http://www.udfiv.com). A replay of the call will be available after 2:00 p.m. ET on August 5, 2015, at 1-877-344-7529, access code 10069467. The replay will also be available from the Trust's website at [www.udfiv.com](http://www.udfiv.com) through midnight ET on August 19, 2015.

Hollis M. Greenlaw, CEO and Chairman, said, "UDF IV continues to execute on its business model, with another quarter of consistent performance, earnings and distributions for our shareholders. Our portfolio remains focused on the largest

and most active homebuilding markets in the country, with 99% of our portfolio in Texas. Texas is experiencing increased employment and continues to attract people and new companies. At the same time, housing inventory and land and lot development are lagging the current pace of demand. We believe there are significant opportunities to grow our portfolio in Texas and in other markets as the economic and housing recovery continues."

30. On August 10, 2015, UDF IV filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended June 30, 2015. The Company's Form 10-Q was signed by Defendants Greenlaw and Obert, and reaffirmed the Company's financial results previously announced on August 5, 2015.

31. On November 5, 2015, UDF IV issued a press release entitled, "United Development Funding IV Reports Third Quarter 2015 Financial Results and Declares \$0.055 Per Share Special Distribution." Therein, the Company, in relevant part, stated:

**Third Quarter 2015 Highlights – as compared to the third quarter of 2014:**

- **Net interest income after provision for loan losses increased 9% to \$18.1 million**
- **Net income increased 7% to \$14.3 million**
- **Earnings per share increased 7% to \$0.47**
- **Net investments in notes receivable and loan participation interests increased 4% to \$618.1 million**

GRAPEVINE, Texas, Nov. 05, 2015 (GLOBE NEWSWIRE) -- United Development Funding IV ("UDF IV" or the "Trust") (NASDAQ:UDF) today reported net interest income after provision for loan losses for the quarter ended September 30, 2015 of \$18.1 million, an increase of 9% as compared to \$16.5 million for the quarter ended September 30, 2014. Net income for the third quarter of 2015 was \$14.3 million, or \$0.47 per share, an increase of 7% as compared to \$13.4 million, or \$0.44 per share, for the third quarter of 2014.

Net interest income after provision for loan losses for the nine months ended September 30, 2015 was \$53.5 million, an increase of 8% as compared to \$49.4 million for the same period of fiscal 2014. Net income for the nine months ended September 30, 2015 was \$42.9 million, or \$1.40 per share, an increase of 17% as compared to \$36.6 million, or \$1.16 per share, for the same period of fiscal 2014.

The nine months ended September 30, 2014 included approximately \$5.1 million of costs associated with listing the Trust's shares on NASDAQ and the related

tender offer. The nine months ended September 30, 2014 also included a \$3.2 million reduction in general and administrative expense – related parties from the reversal of an accrued liability for acquisition and origination fees that will no longer be paid to the Trust’s advisor.

The portfolio of notes receivable and loan participation interests, net of the provision for loan losses and unamortized commitment fees, increased 4% to \$618.1 million (127 loans) at September 30, 2015 from \$593.4 million (131 loans) at September 30, 2014. The net debt to total capitalization ratio (calculated as debt less cash, divided by debt less cash plus equity) at September 30, 2015 was 22.9%. The Trust’s target range for this ratio is 30% to 35%.

On October 1, 2015, the Trust announced that it would pay monthly distributions of \$0.1367 per share on October 26, November 25 and December 28, 2015 to shareholders of record at the close of business on October 15, November 13 and December 15, 2015, respectively. The October monthly distribution was subsequently paid as announced.

The Trust’s board of trustees has authorized a special distribution of \$0.055 per common share of beneficial interest payable on February 16, 2016 to shareholders of record as of the close of business on November 30, 2015.

The Trust expects to earn between \$1.85 and \$1.90 per share and to declare distributions of approximately \$1.75 per share in fiscal 2015.

The Trust will host a conference call today (Thursday, November 5, 2015) at 11:00 a.m. Eastern Time (ET). The dial-in number is 1-866-312-7299, and the call will also be webcast from the Trust’s website at [www.udfiv.com](http://www.udfiv.com). A replay of the call will be available after 2:00 p.m. ET on November 5, 2015, at 1-877-344-7529, access code 10074028. The replay will also be available from the Trust’s website at [www.udfiv.com](http://www.udfiv.com) through midnight ET on November 19, 2015.

Hollis M. Greenlaw, CEO and Chairman, said, “We are pleased to report another strong quarter, as our third quarter earnings of \$0.47 per share demonstrate our consistent earnings performance. We are also pleased that our Board of Trustees authorized a special distribution of \$0.055 per common share of beneficial interest payable on February 16, 2016 to shareholders of record as of the close of business on November 30, 2015. This special distribution is in addition to our monthly base distribution of \$0.1367 per share, totaling \$1.64 per share annually. We continue to expect to declare distributions of approximately \$1.75 per share and to earn between \$1.85 and \$1.90 per share in fiscal 2015.”

32. On November 9, 2015, UDF IV filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended September 30, 2015. The Company’s Form 10-Q was signed

by Defendants Greenlaw and Obert, and reaffirmed the Company's financial results previously announced on November 5, 2015.

33. The above statements contained in ¶¶20-32 were false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, these statements were false and/or misleading statements and/or failed to disclose: (1) that subsequent UDF companies provide significant liquidity to earlier vintage UDF companies, allowing them to pay earlier investors; (2) that if the funding mechanism funneling retail capital to the latest UDF company were halted, the earlier UDF companies would not be capable of standing alone, and the entire structure would likely crumble with investors left holding the bag; (3) that UDF IV provided liquidity to UDF I, UMT and UDF III, among other affiliates, further exacerbating the problem and perpetuating the scheme; (4) that, as such, Defendants were operating a Ponzi-like real estate investing scheme; (5) that the Company was being investigated by the SEC; and (6) that, as a result of the foregoing, Defendants' statements about UDF IV's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

**Disclosures at the End of the Class Period**

34. On December 10, 2015, an anonymous author under the pseudonym "Investor for Truth" published a report on UDF IV on the Harvest Exchange, an investment website. The report alleges that the Company was engaging in "Ponzi-like real estate scheme." Specifically, the report alleges that UDF IV is part of a larger family of REITs under the United Development Funding umbrella whereby:

(1) new capital, both equity and debt, is used to fund distributions to existing investors; (2) subsequent UDF companies provide significant liquidity to earlier vintage UDF companies, allowing them to pay earlier investors; and (3) if the funding mechanism funneling retail capital to the latest UDF company is halted,

the earlier UDF companies do not appear to be capable of standing alone and the entire structure will likely unravel, with investors left holding the bag.

35. The report also alleges that “UDF IV has since provided liquidity to UDF I, UMT and UDF III, among other affiliates, further exacerbating the problem and perpetuating the scheme” and that “Visits to actual development sites, which serve as collateral to UDF development loans, show that, in numerous instances, there is no development and the collateral is still non-income producing, raw land 2, 3, 5 (as much as 10) years after loans were issued.” Finally, the report notes that UDF IV’s independent registered public accounting firm, Whitley Penn LLP, declined on November 19, 2015, to stand for reappointment as the auditor for the Company.

36. On this news, shares of UDF IV fell \$6.05 per share, or more than 35%, to close at \$11.15 on December 10, 2015, on unusually heavy trading volume.

37. Subsequently, on December 10, after the close of trading, the Company issued a press release disclosing that it has been cooperating since April 2014 with a nonpublic fact-finding investigation being conducted by the Staff of the SEC.

38. On this news, shares of UDF IV fell \$2.60 per share, or more than 23%, to close at \$8.55 on December 11, 2015, on unusually heavy trading volume.

### **CLASS ACTION ALLEGATIONS**

39. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who purchased UDF IV’s securities between June 4, 2014 and December 10, 2015, inclusive (the “Class Period”) and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had

a controlling interest.

40. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, UDF IV's securities were actively traded on the NASDAQ Stock Market (the "NASDAQ"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Millions of UDF IV shares were traded publicly during the Class Period on the NASDAQ. As of November 10, 2014, UDF IV had 30,620,636 common shares of beneficial interest outstanding. Record owners and other members of the Class may be identified from records maintained by UDF IV or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

41. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

42. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

43. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and

prospects of UDF IV; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

44. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

#### **UNDISCLOSED ADVERSE FACTS**

45. The market for UDF IV's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, UDF IV's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired UDF IV's securities relying upon the integrity of the market price of the Company's securities and market information relating to UDF IV, and have been damaged thereby.

46. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of UDF IV's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about UDF IV's business, operations, and prospects as alleged herein.

47. At all relevant times, the material misrepresentations and omissions particularized

in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about UDF IV's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

#### **LOSS CAUSATION**

48. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

49. During the Class Period, Plaintiff and the Class purchased UDF IV's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

#### **SCIENTER ALLEGATIONS**

50. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced

in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding UDF IV, his/her control over, and/or receipt and/or modification of UDF IV's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning UDF IV, participated in the fraudulent scheme alleged herein.

**APPLICABILITY OF PRESUMPTION OF RELIANCE  
(FRAUD-ON-THE-MARKET DOCTRINE)**

51. The market for UDF IV's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, UDF IV's securities traded at artificially inflated prices during the Class Period. On September 18, 2015, the Company's common shares of beneficial interest closed at a Class Period (adjusted) high of \$17.88 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of UDF IV's securities and market information relating to UDF IV, and have been damaged thereby.

52. During the Class Period, the artificial inflation of UDF IV's common shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about UDF IV's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of UDF IV and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value

of the Company common shares of beneficial interest. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

53. At all relevant times, the market for UDF IV's securities was an efficient market for the following reasons, among others:

(a) UDF IV common shares of beneficial interest met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, UDF IV filed periodic public reports with the SEC and/or the NASDAQ;

(c) UDF IV regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) UDF IV was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

54. As a result of the foregoing, the market for UDF IV's securities promptly digested current information regarding UDF IV from all publicly available sources and reflected such information in UDF IV's common shares price. Under these circumstances, all purchasers of

UDF IV's securities during the Class Period suffered similar injury through their purchase of UDF IV's securities at artificially inflated prices and a presumption of reliance applies.

**NO SAFE HARBOR**

55. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of UDF IV who knew that the statement was false when made.

**FIRST CLAIM**  
**Violation of Section 10(b) of**  
**The Exchange Act and Rule 10b-5**  
**Promulgated Thereunder Against All Defendants**

56. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

57. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and

other members of the Class to purchase UDF IV's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

58. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for UDF IV's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

59. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about UDF IV's financial well-being and prospects, as specified herein.

60. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of UDF IV's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about UDF IV and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's

securities during the Class Period.

61. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

62. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing UDF IV's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover

whether those statements were false or misleading.

63. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of UDF IV's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired UDF IV's securities during the Class Period at artificially high prices and were damaged thereby.

64. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that UDF IV was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their UDF IV securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

65. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

66. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

**SECOND CLAIM**  
**Violation of Section 20(a) of**  
**The Exchange Act Against the Individual Defendants**

67. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

68. The Individual Defendants acted as controlling persons of UDF IV within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

69. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

70. As set forth above, UDF IV and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct,

Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: December 21, 2015

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